

IN THE CLAIMS

1. (currently amended) A method for modeling collections for non-stationary asset-based distressed loans in volatile markets wherein future monthly cash inflows are predicted using a computer system configured with a collections model and a re-marketing model, the non-stationary asset-based loans are included within a distressed loan portfolio, said method comprising the steps of:

categorizing each non-stationary asset-based loan included within the portfolio based on a prior month's payment of the corresponding loan, non-stationary asset-based loans include at least one of automobile loans, vehicle loans, and credit card loans;

categorizing each loan included within the portfolio based on a contractual delinquency of the corresponding loan;

utilizing the collections model to predict payments made by borrowers of each loan included within the portfolio, the collections model is based on historical payment information of the borrower, a plurality of collection strategies that may be utilized for collecting payment from the borrower, and the delinquency category assigned to the loan;

comparing payments received during a current month for each loan to the delinquency category assigned to each corresponding loan and the predicted payments for each corresponding loan;

comparing payments received for each loan during the current month to the prior month's payment category of the corresponding loan;

incorporating management feedback into expectations of future performance wherein management feedback includes recommending a change in collection strategies used for prompting payment from each borrower associated with each loan included within the portfolio and predicting future payment performance of each borrower based on the recommended change in collection strategies; and

updating the collections model stored within the computer system based on the payment comparisons and the management feedback, the updated collections model predicts future cash inflows for each loan included within the portfolio, the updated collections model is configured to apply a greater weight to the payment performance of each loan for the current month as compared to the payment performance of each loan for prior months.

2. (previously presented) A method in accordance with Claim 1 wherein said step of categorizing each non-stationary asset-based loan based on a prior month's payment further comprising the steps of:

separating out uncollectable loans; and

dividing collectable loans by recent payment performance into categories of multiple payments, one payment, and no payments.

3. (previously presented) A method in accordance with Claim 1 wherein said step of categorizing each loan based on a contractual delinquency further comprising the steps of

determining delinquency for each account, each account including at least one loan; and  
categorizing accounts by contractual delinquency.

4. (previously presented) A method in accordance with Claim 3 wherein said step of determining delinquency further comprises the step of calculating a number days delinquent based on contractual terms.

5. (previously presented) A method in accordance with Claim 3 wherein said step of determining delinquency further comprises the step of calculating a number days delinquent based on date loan was acquired.

6. (previously presented) A method in accordance with Claim 1 wherein said step of comparing payments received during a current month for each loan to the delinquency category and the predicted payments further comprises the steps of:

determining for each delinquency category a contractual obligation including a total amount of money contractually due for all loans included within the corresponding delinquency category;

determining the amortization rate on contractual obligations for each delinquency category;

analyzing a borrower's payment performance for a prior month on an account by account basis and grouping accounts;

comparing payment to contractual obligation and to projected payment amount grouped by delinquency category; and

comparing the borrower's payment performance for a current month to the borrower's payment performance for the prior month.

7. (previously presented) A method in accordance with Claim 6 wherein said step of comparing the borrower's payment performance further comprises the step of placing a greater weight on the borrower's payment performance for the current month as compared to the borrower's payment performance for the prior month.

8. (original) A method in accordance with Claim 7 wherein said step of incorporating management feedback into expectations of future performance further comprises the steps of:

reporting changes in performance to management;

making changes to collection strategies based on management feedback; and

applying changes in collection strategies to expectations of future performance.

9. (original) A method in accordance with Claim 8 further comprising the step of modeling collection assumptions to predict future cash flow.

10. (previously presented) A method in accordance with Claim 1 wherein said step of categorizing each loan based on a contractual delinquency further comprises the step of providing a separate category for each of zero months through eighteen months delinquent.

11. (currently amended) A computer-implemented system for modeling collections of collateral non-stationary asset-based distressed loans in volatile markets and predicting future monthly cash inflows, said system comprising:

a computer including a collections model and a re-marketing model, the non-stationary asset-based loans are included within a distressed loan portfolio, said computer configured to:

categorize each non-stationary asset-based loan included within the portfolio based on a prior month's payment of the corresponding loan, non-stationary asset-based loans include at least one of automobile loans, vehicle loans, and credit card loans,

categorize each loan included within the portfolio based on a contractual delinquency of the corresponding loan,

access the collections model to predict payments made by borrowers of each loan included within the portfolio, the collections model is based on historical payment information of the borrower, a plurality of collection strategies that may be utilized for collecting payment from the borrower, and the delinquency category assigned to the loan,

compare payments received during a current month for each loan to the delinquency category assigned to each corresponding loan and the predicted payments for each corresponding loan,

compare payments received for each loan during the current month to the prior month's payment category of the corresponding loan,

incorporate management feedback into expectations of future performance wherein management feedback includes recommending a change in collection strategies used for prompting payment from each borrower associated with each loan included within the portfolio and predicting future payment performance of each borrower based on the recommended change in collection strategies, and

update the collections model based on the payment comparisons and the management feedback, the updated collections model predicts future cash inflows for each loan

included within the portfolio, the updated collections model is configured to apply a greater weight to the payment performance of each loan for the current month as compared to the payment performance of each loan for prior months.

12. (original) A system in accordance with Claim 11 further configured to:

separate out uncollectable loans; and

divide collectable loans by recent payment performance into categories of multiple payments, one payment, and no payments.

13. (previously presented) A system in accordance with Claim 11 further configured to:

determine delinquency for each account, each account including at least one loan; and

categorize accounts by contractual delinquency.

14. (previously presented) A system in accordance with Claim 13 further configured to calculate a number days delinquent based on contractual terms.

15. (previously presented) A system in accordance with Claim 13 further configured to calculate a number days delinquent based on a date the loan was acquired.

16. (previously presented) A system in accordance with Claim 11 further configured to:

determine for each delinquency category a contractual obligation including a total amount of money contractually due for all loans included within the corresponding delinquency category;

determine the amortization rate on contractual obligations for each delinquency category;

analyze a borrower's payment performance for a prior month on an account by account basis and group accounts;

compare payment to contractual obligation and to projected amount grouped by delinquency category; and

compare the borrower's payment performance for a current month to the borrower's payment performance for the prior month.

17. (previously presented) A system in accordance with Claim 16 further configured to compare the borrower's payment performance for the current month to the borrower's payment performance for the prior month by placing a greater weight on the current month's payment performance.

18. (original) A system in accordance with Claim 17 further configured to:

report changes in loan performance;

make changes to collection strategies based on feedback; and

apply changes in collection strategies to account for expectations of future performance.

19. (original) A system in accordance with Claim 18 further configured to predict future cash flow.

20. (original) A system in accordance with Claim 11 further configured to provide a separate category for each of zero months through eighteen months of loan delinquency.

21. (original) A system in accordance with Claim 11 wherein said computer further configured as a server, said system further comprising:

at least one computer; and

a network connecting said server to said at least one computer.

22. (original) A system according to Claim 21 wherein said network is at least one of a WAN or a LAN.